

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

Firestar Diamond, Inc., *et al.*,  
Debtors.

Chapter 11

Case No. 18-10509 (SHL)

(Jointly Administered)

**DECLARATION OF KARTIK RADIA**

Pursuant to 28 U.S.C. § 1746, Kartik Radia declares as follows:

1. I am an employee of BDO India LLP ("BDO"). My current position at BDO is Partner & Head - Business Advisory Services. I am fully familiar with the facts set forth in this Declaration.

2. BDO has been retained by Punjab National Bank ("PNB") to conduct a forensic investigation (the "BDO Investigation") into the fraud committed against PNB by Nirav Modi ("Modi") and his companies Firestar International Limited, Firestar Diamond International Private Limited, Solar Exports, Stellar Diamonds, Diamond R US (collectively, the "Modi Entities")

3. I have been personally involved in the BDO Investigation, which is ongoing. The information set forth below is based on certain information learned to date and may be supplemented with additional information as the investigation continues.

4. Among other things, I and other BDO employees have been reviewing certain books and records of PNB, including: (i) information concerning certain Letters of Undertaking ("LOUs") issued by PNB to Modi Entities, , (ii) Society for Worldwide Interbank Financial Telecommunication ("SWIFT") messages issued in connection with those LOUs, and (iii) information contained in PNB's Core Banking System ("CBS") software. Among other LOUs

that BDO has examined as part of its Investigation, are the LOUs that have been identified by PNB and BDO as fraudulent (the "Fraudulent LOUs").

5. Based on my participation in the BDO Investigation, including review of the above-cited sources of information, I have learned the following, in substance and in part:

- Firestar Diamond Inc. ("FDI"), Fantasy, Inc. ("Fantasy"), and A. Jaffe, Inc. ("A. Jaffe") (collectively, the "Debtors") have received at least approximately \$46 million in remittances from PNB since 2011, the time when the fraudulent activities by Modi is believed to have commenced.
- Of the \$46 million remitted from PNB to the Debtors, approximately \$8.329 million was remitted in the form of funds issued pursuant to LOUs (the "Debtor LOUs").
- The Debtors LOUs are summarized in the below chart:

IMPORTER	EXPORTER	CURRENCY	LOU VALUE DATE	LOU AMOUNT
FIRESTONE DIAMOND PVT.LTD	FIRESTAR DIAMOND INC.	USD	4-Oct-11	1,246,766
FIRESTONE INTERNATIONAL PVT.LTD	FIRESTAR DIAMOND INC.	USD	4-Oct-11	1,803,249
FIRESTONE DIAMOND PVT.LTD.	FIRESTAR DIAMOND INC.	USD	22-Aug-11	1,499,736
SOLAR EXPORTS	FIRESTAR DIAMOND INC.	USD	6-May-11	1,858,219
DIAMOND R US	A-JAFFE INC	USD	13-Oct-11	1,921,079

- Four of the five Debtor LOUs listed above – in particular, the first three identified above for FDI and the one identified for A. Jaffe – have many of the same indicia as the

Fraudulent LOUs, including:

- There were no records of these four Debtor LOUs in the CBS;
- These four Debtor LOUs were not secured by any margin or collateral;
- Gokulanth Shetty authorized the four Debtor LOUs; and
- AWB reference number was not available for three out of four fraudulent LOU .

Under the import process in India, AWB numbers are used to track the movement of goods, and their absence raises suspicion of the genuineness of the import transactions underlying these Debtor LOUs.

- In the course of the investigation, BDO has also identified certain suspicious entities that were beneficiaries of the LOUs. The suspect entities include Fancy Creations Company, Ltd., World Diamond Distribution FZE, Eternal Diamonds Corp., Ltd., Empire Gems FZE, Pacific Diamonds FZE, Tri Color Gems. who are appearing as creditors in books of these Debtors in their publicly filed schedules. Each of these entities bears two or more indicia of suspicious activity, including: (i) sharing either current or former key management personnel with the Modi Entities, (ii) possessing bank statements that show deposits or withdrawals with other suspicious entities, (iii) appearing on LOUs in which misuse has been observed in the fund trail, (iv) lacking an AWB reference number or Bill of Entry in the Customs Database (indicating physical movement of goods may not have taken place) and (v) having an overdue bill of exports against the LOU importer.

I declare under penalty of perjury under the laws of the United States of America

that the foregoing is true and correct.

Executed on May 10, 2018, in Mumbai, India.



A handwritten signature in dark ink, appearing to read "Kartik Radia", written over a horizontal line.

Kartik Radia, Partner & Head

Business Advisory Services

BDO India LLP